

III. REMARKS

A. Drawings

The Draftperson's objections to the drawings are noted. Applicant requests that corrections of the drawings be deferred pending allowance of the subject application.

B. Claims

The acronym for the present invention is EPIC, "Electronic Payment Interchange Concentrator." EPIC has the ability to receive co-mingled data files relating to individual transactions (whether the transactions are effected electronically or by a paper instrument) in a preferred data format of an originating sender and to bundle and translate the individual transaction data files and send them to pre-designated recipients, such as a payor bank or a clearinghouse, in a file format compatible with the recipient. EPIC works with multiple originators and multiple recipients, efficiently sorts and translates files and achieves efficiencies in speed and in the reduction of file handling in transaction processing by financial institutions. EPIC is a product of Huntington Bancshares, assignee of the present application, and the owner of United States Patent No. 5,265,007, Barnhard et al., cited as a reference herein.

As related in the Specification at pages 1 through 8, EPIC solves a bottleneck in electronic commerce among financial institutions by processing discrete records of financial transactions (paper or electronic) and bundles and translates the records (which may be the transaction itself) for

transmission to designated recipients in a format acceptable to the recipient. Bilateral incompatibility which has presented a barrier to clearing commerce is eliminated; record handling is reduced; and clearing time is shortened, all resulting in consequent benefits to the industry, its customers and the consumer. While the Barnhard et al. system advanced the art of clearinghouse transactions, EPIC goes beyond clearing and facilitates bilateral transactions that have previously been impractical, if not impossible to effect.

Claims 1-7, 11-27, 31, 34-48, 52-65, 69-86, and 91 are now in the application. Favorable reconsideration and allowance of these claims is respectfully requested. The numbered paragraphs of the Office Action are separately addressed below

Office Action, ¶2: Claims 1, 4-21, 61-63, 65-69, 70-71 and 73-77 were rejected under 35 U.S.C. 103(a) as being unpatentable over Barnhard (5,265,007) in view of Sansone (5,050,078).¹

Independent claims 1 and 61 have been amended to clarify the description of, and to particularly point out, the invention and also to include elements of cancelled claims 8-10 and 66-68, respectively. The amended independent claims 1 and 61 relate to apparatus, a means and processes for receiving a data file that comprises several portions, or bundles, of financial instrument information, one or more of which portions or bundles are intended for one recipient and others of which are intended for other recipients; a processor for or the steps of sorting and translating those

¹ Claims 8-10 and 66-68 have been cancelled.

portions according to recipient designations made by the originating institution; storing the various portions so that only the portion associated with a particular receiving institution is accessible to that institution; and the transmission of the portion corresponding to a particular receiving institution to that institution upon specific instruction. In this manner, the present invention permits the originating institution to co-mingle financial instrument information intended for multiple recipients in a single data file. Further, the present system is adapted to process, store and transmit the data file in such a manner that only the portion or portions intended for a particular recipient reaches that recipient.

While Barnhard and Sansone disclose systems that presumably perform some allocating or routing function, they do so on aggregate data files received from the various originating institutions or entities. They do not disclose a capability of receiving a data file containing co-mingled information, some portion of which is intended for one recipient and other portions of which are intended for other recipients that require differing data formats for the file information. The cited references do not separate the individual transaction records in one data file into different portions according to recipient, nor do they disclose the transmission of less than all of a sent data file to a recipient in a system where the data is translated according to the requirements of the recipient.

Barnhard discloses a clearinghouse which receives and processes data files from member financial institutions. Banks A and B, for example, may separately transmit information to the clearinghouse concerning the checks each of them is separately sending to Bank C. To credit the

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accounts of A and B properly and debit the account of C, Barnhard's clearinghouse allocates the financial instrument information among its internal member accounts. However, this allocating or routing function, if considered as such, is among already sorted data files.

Sansone's gateway receives data files from several mailers, postal agents, post offices and banks and is, presumably, able to properly route these separate data files. Like Barnhard however, this allocation function appears to be performed on each data file as a whole, rather than on separate parts or bundles contained in a single file. Upon occasion, one of the entities will send the same information to more than one of the other entities (Col 5, lines 1-3 and 41-42), but this operation does not require the separation of a data file into different portions. The information which Sansone's entities are sending and receiving relates to operations which are substantially sequential in time (obtaining and printing addresses, sorting the mail, determining its quantity and deliverability, assessing postage, debiting and crediting accounts). Since the originating entity is unlikely to have more than one bundle of information ready for transmission at any given point in time, there is no apparent need for the originating entity to include different bundles of information intended for different recipients in the same data file. Thus, one would not be motivated by Sansone's teachings to provide a means for receiving a single data file containing co-mingled different portions of information for different recipients or a processor for sorting and translating these portions according to a recipient's data format.

Accordingly, it may be appreciated that the present invention, as defined in amended independent claims 1 and 61, provides an apparatus and process enabling an institution which desires to transmit different bundles of financial instrument information to other institutions in translated data formats with the means and method of doing so in a manner neither disclosed nor suggested by the two references. Neither cited reference includes any suggestion or motivation for a modification that would lead, as obvious, to the present claimed invention.

Dependent claims 4, 11, 65, 69 have been amended to indicate that the present invention provides a means for, or the step of, transmitting or translating at least one portion of the separated financial instrument information to one or more settlement mechanisms in format(s) acceptable to the settlement mechanisms. In other words, the present invention allows the user to designate one or more portions of the data file to be sent to a settlement mechanism. In Barnhard an entire settlement data file is sent to the clearinghouse mechanism. Sansone is silent on settlement mechanisms. In this context, the claimed invention is not a suggestion from Barnhard; the claimed invention is a mechanism that is different in character as it begins with the individual records intended for a recipient, and it can also transmit the bundled and translated records into a settlement mechanism such as Barnhard, on behalf of the recipient.

Claims 5, 6 and 7 recite, respectively, that the settlement mechanism is predetermined by the originating institution, the receiving institution and by agreement of the originating and receiving institutions. In other words, the present invention allows the originating and receiving institutions,

or both of them, to determine the settlement mechanism to which the translated and bundled data is sent. Barnhard teaches that all members of the clearinghouse association must use the settlement mechanism disclosed therein. There is no choice in Barnhard; neither the originating nor receiving institutions can determine the settlement mechanism, either separately or by agreement between them. And again, Sansone is silent on settlement mechanisms.

Claims 12 and 73 are amended to define the present invention as providing an archive for, or the step of storing, either the co-mingled financial instrument information or the separated financial instrument information. The present invention stores all of the financial instrument information from the data file created by the originating institution, either in its co-mingled state or in its separated state, in an archive. Neither Barnhard nor Sansone teaches a system which can receive and separate a data file containing co-mingled information. Thus, neither of these systems store that which they do not receive or create.

Amended claims 13 and 74 point out that the transmission of each translated portion of the separated financial instrument information to the receiving institution corresponding thereto occurs when the receiving institution asks for it, at a time selected by the originating institution or within a prearranged time period. In Barnhard and Sansone, transmission of information from the originating institution to the receiving institution via the clearinghouse or gateway is not selectable.

Claims 14, 15, 16, 63, 70 and 71 are directed to the inclusion in the financial instrument information of identifying information concerning an account in which a financial instrument is first

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deposited. Barnhard's clearinghouse does transmit files to a bank of first deposit, but the clearing is a clearing of physical instruments such as checks which are physically transported to the clearinghouse. The present invention can be used as a "front end" to Barnhard -- to receive transaction records and then to translate and send the records to the clearinghouse as a cash letter with substantially less detailed financial instrument information. Sansone does not relate to the bank of first deposit for financial instruments.

Claims 17 and 18 are directed to the inclusion of settlement instructions in the data file. In Barnhard all participants follow the same procedures to effect settlement in a mutual clearinghouse; there would be no reason for the participants to communicate settlement instructions to one another as settlement, accomplished by the physical exchange of checks, is already a given. Sansone teaches nothing about settling financial instruments.

Claims 19, 21, 75 and 77 define the ability of the present invention to receive, separate, translate, store and transmit detailed information concerning each of one or more cash items, money orders, share orders and drafts. "Detailed information" means a plurality of particulars associated with a financial instrument including, without limitation, any of the details mentioned on pages 10 and 20 of the present application, namely, MICR line data, bank of first deposit trace number, account number associated with the bank of first deposit, sender bank trace number, dollar amount, AKA trace number, image location and instrument location. Barnhard and Sansone do not disclose the handling such information in an addressable translation system as in the claimed invention.

Barnhard discloses a centralized clearinghouse system; the member banks transmit the following information to their central clearinghouse: the facts of shipment or receipt of checks and cash letters (Col. 2, lines 1-7) and the aggregate value of checks shipped or received (Col. 2, lines 31-46; Col. 4, lines 19-23; Col. 5, lines 63-66; Col. 6, lines 25-27; Col. 7, lines 14-22). There is one statement in Barnhard that member banks can transmit information concerning adjustments and return items through their clearinghouse (Col. 2, lines 51-54), but Barnhard is foremost a settlement system for determining aggregate amounts and balances; Barnhard is not directed to the processing of information about individual financial instrument records. Barnhard provides no motivation for receiving detailed or particularized information. Barnhard monitors debiting and crediting functions based on a total dollar amount of checks, the identity of the institution sending the checks and the identity of the institution receiving the checks. For any more information about a particular check, the checks themselves which are physically transported and exchanged contain all of the detailed information. Because the checks are exchanged, the member banks will have all of the detailed information concerning each check upon receipt of the check. Sansone's disclosure has nothing to do with cash items.

Claims 20 and 76 define the present invention's ability to receive, separate, translate, store and transmit electronic funds transfers. Barnhard's clearinghouse relates to physical checks, not electronic funds transfers. Barnhard requires the physical transfer of checks between financial institutions (Col 3, lines 15-16) and strict adherence to procedures and timing requirements (Col.

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2, lines 62-63). An electronic funds transfer is operative without a physical transfer of a paper item. Barnhard also indicates that wire transfers are handled through the Federal Reserve Bank or as private transactions between banks. Barnhard's clearinghouse is intended to reduce or eliminate such wire transfers (Col. 4, lines 54-59). Again, however, these are aggregate amounts, not co-mingled records of individual transactions.

Sansone teaches electronic funds transfers of a kind which fall outside the scope of "financial instruments" as that term is used in the present application. In Sansone, a postal agent notifies a bank via Sansone's gateway to transfer funds from the account of a mailer to the account of a post office. The funds, however, are never in the hands of the postal agent. The transfer is simply between accounts within one bank (Col. 3, lines 20-23) and, in this respect, is analogous to an electronic bill paying operation.

Claim 62 has been amended to indicate that each portion of the separated financial instrument information contains identifying information with respect to the originating institution and the receiving institution corresponding thereto. Neither Barnhard nor Sansone suggest the apportionment of a single data file among multiple recipients.

In view of the foregoing distinctions, applicant submits that the claims 1, 4-7, 11-21, 61-63, 65-69, 70-71 and 73-77, as amended, are patentably distinguishable over Barnhard and Sansone and should be allowed.

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Office Action, ¶3: Claims 2 and 72 were rejected under 35 U.S.C. 103(a) as being unpatentable over Barnhard in view of Sansone as applied to claims 1 and 61 and further in view of official notice.

Claims 2 and 72 have been amended to indicate that the validation, authentication and format determination functions are performed with respect to each of the multiple receiving institutions addressed in a single data file. As discussed more extensively above with respect to the patentability of claims 1, 61 and 62 (upon which 72 depends), neither Barnhard nor Sansone teaches or contemplates a data file containing different portions intended for multiple receiving institutions. While validation, authentication and format determination functions may be separately known in other computer-related contexts, the combination and adaptation of these functions to the exchange and translation of financial instrument information at a centralized point, and in the manner expressly stated in claims 2 and 72, is an advance over, and was not contemplated by, the cumbersome procedures of bi-lateral exchange and physical transfers that were done, or may not have been possible in the first instance, before. Accordingly, claims 2 and 72 further distinguish the present invention over the cited prior art.

Office Action, ¶ 4: Claims 3 and 64 were rejected under 35 U.S.C. 103(a) as being unpatentable over Barnhard in view of Sansone as applied to claims 1 and 61 and further in view of official notice.

Dependent claims 3 and 64 define that security procedures are performed with respect to each portion of the co-mingled financial instrument information. In this manner, the originating institution may be advised in the event that a portion directed to an unauthorized receiving institution is inadvertently inserted while creating the data file. As discussed more extensively above with respect to the patentability of claims 1 and 61, neither Barnhard nor Sansone teaches or contemplates a data file containing different portions intended for multiple receiving institutions. Barnhard relates to a common clearinghouse where physical items are exchanged and to a monitoring mechanism. While security procedures are noted in Barnhard and may be used in other computer-related contexts, the adaptation of security procedures to EPIC, as defined in independent claims 1 and 62 is not suggested by the cited references or notice of the art.

Office Action, ¶ 5: Claims 22-23 and 78-79 were rejected under 35 U.S.C. 103(a) as being unpatentable over Barnhard in view of Sansone as applied to claims 1 and 61 and further in view of official notice.

Claims 22 and 78 relate to information in an MICR line found in a paper instrument and claims 23 and 79 define the particular details found on an MICR line that are processed by the electronic payment interchange concentrator. As discussed more fully above with respect to the patentability of claims 19 and 62, Barnhard and Sansone do not relate to systems that receive and translate a data file containing individualized detailed financial instrument information. The adaptation of MICR information to EPIC where a co-mingled file has instruments intended for

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multiple recipients having different data format requirements, as particularly stated in claims 22, 23, 78 and 79 is not suggested by the cumbersome prior art procedures.

Office Action, ¶ 6: Claims 24-26, 28-36, 39-44, 45-47, 49-55 and 58-60 were rejected under 35 U.S.C. 103(a) as being unpatentable over Barnhard in view of Sansone and official notice.

Independent claims 24 and 45 have been amended in the manner of claims 1 and 61 and therefore differ from the cited prior in all of the aspects discussed above with reference to claims 1 and 61. The validation and authentication functions that have been combined with and adapted to the EPIC system of claims 24 and 45 have been previously distinguished. EPIC accomplishes that which has not previously been done before -- the exchange of data files of co-mingled individual transaction records where file format requirements of the sender and multiple recipients are different.

Claims 25 is additionally distinguished in that EPIC allows a settlement mechanism and an associated file format to be predetermined. See remarks above in support of the patentability of claims 5-7.

Claims 26, 31, 46 and 52 have been amended to specify that separated portions of the information and their transfer to settlement mechanisms in a specified data format is accomplished in the EPIC system. See the remarks above in support of the patentability of claims 4, 11, 65 and 69.

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Claims 42-43 likewise specify apportioned information and instructions from the originating and receiving institutions with regard to settlement instructions. In EPIC, the subject matter claimed is distinguishable from, and nonobvious in view of, the prior art for at least the reasons expressed above in support of the patentability of claims 17-18.

Claims 34, 36, 53, and 55 respectively relate to particular cash items and paper instruments in EPIC. As to the processing of cash items, checks, money order, share orders and drafts, the subject matter is distinguishable for at least the reasons as expressed above in support of the patentability of claims 19, 21, 75 and 77.

Likewise, claims 35 and 54 relate to electronic fund transfers (paperless) in EPIC and are distinguishable over the cited prior art for reasons expressed above in support of the patentability of claims 20 and 76. Similarly, claims 39-41 and 58-60 relate to the translation and transmission of data files relating to the bank of first deposit for the instruments sorted and additionally distinguish the invention over the prior art as are claims 14-16, 63 and 70-71 so distinguished.

In claims 44 and 47 the ability of EPIC to provide for the retrieval of specified portions of the separated and translated financial instrument information to the receiving institution is particularly set forth. See the reasons as expressed above in support of the patentability of claims 13 and 74.

Office Action, ¶ 7: Claims 27 and 48 were rejected under 35 U.S.C. 103(a) as being unpatentable over Barnhard in view of Sansone and official notice.

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Claims 27 and 48 relate to the additional incorporation of security procedures in EPIC and are distinguishable over the cited prior art for reasons expressed in support of the patentability of claims 3 and 64.

Office Action, ¶ 8: Claims 37-38 and 56-57 were rejected under 35 U.S.C. 103(a) as being unpatentable over Barnhard in view of Sansone and further in view of official notice.

Claims 37 and 56 point out the particular, apportioned manner in which the present invention incorporates MICR line information in EPIC. Claims 38 and 57 depend upon claims 37 and 56, respectively, and recite the particular details of the information used by EPIC that is derived from an MICR line. These claims are distinguishable over the cited prior art as are the independent claims and/or for the same reasons expressed in support of the patentability of claims 22-23 and 78-79.

Office Action, ¶ 9: Claims 80-84 and 87-91 were rejected under 35 U.S.C. 103(a) as being unpatentable over Barnhard in view of Sansone and official notice.

Independent claim 80 has been amended in the same manner as claims 1 and 61 and therefore differs from the cited prior in all of the aspects discussed above with reference to claims 1 and 61. While validation and authentication functions and security procedures may be separately known per

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se in other contexts, the combination and adaptation of these functions and procedures in the present invention, and in the manner expressly stated in claim 80 as it relates to EPIC accomplishes that which was not contemplated or suggested by what was done before. Claims dependent on claim 80, namely claims 81-84 and 91, respectively detail the manner in which the present invention enables transmission of each portion of the separated and translated financial instrument information to the receiving institution associated therewith (claim 81); the manner in which EPIC handles detailed financial instrument information concerning cash items, checks, money orders, share orders and drafts. (claims 82 and 85); the handling of electronic funds transfers (claim 83); and the manner in which the present invention transmits financial instrument information to one or more settlement mechanisms (claim 91) in translated format. These claims are distinguishable over the cited prior art for at least the same reasons as expressed above in support of the patentability of claims 13 and 74 (claim 81); 19, 21, 75 and 77 (claims 82 and 84); 20 and 76 (claim 83) and 4, 11, 65 and 69 (claim 91).

Office Action, ¶ 10: Claims 85-86 were rejected under 35 U.S.C. 103(a) as being unpatentable over Barnhard in view of Sansone and further in view of official notice.

These process claims again relate to the use of MICR line information and particular details of information incorporated by the present invention from an MICR line in EPIC. Both of these

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claims are distinguishable over the prior art for reasons expressed above in support of the patentability of claims 22-23 and 78-79.

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Accordingly, it is respectfully submitted that claims 1-7, 11-27, 31, 34-48, 52-65, 69-86 and 91 are patentably distinguished over the prior art and are in condition for allowance. It is respectfully requested that these claims be allowed and that this application be passed to issue.

Respectfully submitted,

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CERTIFICATE OF FILING EXPRESS MAIL

I hereby certify that Applicant's Amendment and Remarks in Response to First Office Action was filed with the United States Patent and Trademark Office by mailing the same via U.S. Express Mail Receipt No. TB873092605US postage prepaid, this 13th day of June, 1997 to:

Honorable Assistant Commissioner for Patents
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